

# SOCIAL SECTOR BUDGET BRIEF

## CHIKANKATA



LEVERAGING CHIKANKATA'S STRATEGIC  
LOCATION AND NATURAL ENDOWMENTS TO  
SUSTAINABLY FINANCE ITS SOCIAL SECTORS

2023

## KEY MESSAGES AND RECOMMENDATIONS

1

The development of the 2021–2030 Integrated Development Plan is a major achievement of the Chikankata Town Council as it provides an opportunity to actualise its potential in mining and tourism. However, there is a mismatch between the Plan and the programme outputs in the 2023 budget.

### RECOMMENDATION:

There is need to, as far as possible, align the budget to the annual budget so that resources are allocated based on clear policy choices to achieve the intended strategic objectives.

2

The 7 per cent increase in the social sector budget is a welcome development, but it is largely financed by central government, making it subject to funding sustainability issues.

### RECOMMENDATION:

The local authority needs to increase its capacity to fund social sector programmes from its own sources by leveraging its natural endowments and strategic location to become a major transport, logistics and warehousing hub.

3

The slow implementation of the Constituency Development Fund (CDF) has derailed the delivery of social sector services, given that the CDF takes up 88 per cent of social sector spending.

### RECOMMENDATION:

The Government, together with the local authorities, must quickly address the implementation challenges dogging the CDF to guarantee the successful implementation of social sector programmes at the local level.

4

There is a 26 per cent increase in the WASH budget, from K223,000 in 2022 to K281,570 in 2023. This is still an undesired trajectory for achieving the targets in the Integrated Development Plan (IDP), which include increasing accessibility to clean water at household level by 40 per cent.

### RECOMMENDATION:

Significant resources are required if the targets are to be achieved. The Chikankata Town Council therefore needs to devise mechanisms to attract additional finances to the WASH sector, in particular, and the social sectors in general.

5

Underlying the low allocations to the social sectors from own sources are statutory liabilities, which have accumulated to about K12 million. Left unchecked, they have the potential to derail the town's development trajectory.

### RECOMMENDATION:

It is cardinal that the local authority puts in place a debt liquidation plan to reduce the debt overhang and free up resources that will be channelled towards enhancing service delivery. Given that interest and penalties are high with regard to National Pension Scheme Authority (NAPSA) liabilities, specific engagements are required between NAPSA and the local authority to restructure these liabilities.



## INTRODUCTION

**Chikankata is a rural district in Southern Province separated from Mazabuka District in 2011.**

Chikankata covers an area of approximately 2,673.3 km<sup>2</sup> and had an estimated population of 98,671 inhabitants in 2022. The district has a predominantly young population with 57 per cent of the population aged below 20 years. A further 40 per cent are aged 20–64 years, while only 3 per cent are aged 65 years and above.

**Agriculture is the main source of livelihood.** Agricultural activities are concentrated in two farming blocks: Mapangazya and Nansenga. The district has a total of 26,337 farmers, with the majority (26,320 farmers) being small-scale farmers engaged in seasonal food crop production (maize, Irish potatoes, beans, groundnuts, soya-beans and sugarcane production); while 17 are large-scale commercial farmers mainly engaged in ranching, wheat, soya beans, maize, banana and coffee.

**Chikankata is home to Zambia's largest hydropower station (Kafue Gorge Upper), which has the capacity to generate 990 MW of electricity.** The power station is the largest employer in the area. It also home to the 750MW capacity Kafue Gorge Lower Power Station that is currently under construction.

**Chikankata also has three national forests, a major source of wood fuel and charcoal.** However, illegal charcoal production is rife.

**The district is also a major transit route, serviced by two major trunk roads.** These are the Lusaka-Chirundu and Lusaka-Livingstone roads. Informal trading, mostly in bananas and goat meat is undertaken by over 1,000 traders at the junction of these two major trunk roads (an area called Turnpike and Nega-Nega). Mining is on a relatively small scale with only three formal mines operating in the district. The district shares a boundary with the large-scale Munali Nickel Mine of Mazabuka whose trickle-down effects, like demand for housing, agents/suppliers and office space, can be of great importance and catalyst to the development of Chikankata.



**Other activities that drive the economy in Chikankata are mainly livestock rearing, fisheries and craft-making of reed mats and baskets.** Livestock rearing includes cattle, goats, sheep, pigs, village chicken, ducks and guinea fowls. Chikankata also has 37 small-scale and 36 large-scale fisheries farmers. The district also has potential for tourism which remains largely unexplored. A bright spot is the Chisokwe Arts and Cultural Village on the Mazabuka-Kafue Road that serves as a centre for craft-making and selling of curios. It is also home to a large rural hospital, school and training centre run by the Salvation Army Church and the Riverside Farm Institute run by the Seventh-Day Adventist Church with a strong focus on education, health and farming.

**This Local Authorities Budget Brief explores the extent to which the Chikankata Town Council will support the social needs of its residents in 2023.** The brief analyses the size and composition of budget allocations to the social sector budget for the Chikankata Town Council for the fiscal year 2023 as well as spending trends for the past few years (where data are available) to inform policy, strategies and legislation to tackle social challenges.

**This is the first social sector brief for Chikankata.** Based on the data available, the brief covers four aspects of the social sector: (i) education and skills development; (ii) health; (iii) social protection; and (iv) water, sanitation and hygiene (WASH). Education only covered early child education in 2023, while inspections and epidemic preparedness are covered under health. The social protection programmes covered are the empowerment programmes for women, the youth and vulnerable population covered in the enhanced Constituency Development Fund (CDF). The WASH sector covers water supply and sanitation services as well as solid waste management.

# OVERVIEW OF LOCAL GOVERNMENT POLICIES, STRATEGIES AND PROGRAMMES

## Legal mandate

**The existence of the Local Government in Zambia is provided through constitutional and statutory provisions.** Part IX, Part X and Part XI of the Constitution of Zambia (Amendment) Act No. 2 of 2016, hereafter referred to as the Constitution, recognises the general principles of devolved governance and prescribe the systems of governance, and the sub-structures of local government. The Constitution in Article 147 prescribes a system of devolved governance in which the management and administration of political, social, legal and economic affairs shall be devolved to the local government level. In Article 148 of the Constitution, it is stated that local governance shall be undertaken through sub-structures.

**The Constitution lays out the principles for the functioning of local authorities.** Article 151 of Part XI includes, among other things, the transfer of functions, responsibilities and resources from the national government and provincial administration to the local authorities in a coordinated manner; the establishment of a sound financial base for each local authority with reliable and predictable sources of revenue; the overseeing of the performance of persons employed by the national government and provincial administration to provide services in the sub-structures by local authorities; the monitoring of government services and the implementation of projects in sub-structures; and the ensuring of accountability of local authorities.

**The functions of the local authorities are also recognised and prescribed under the Constitution.** It provides local authorities the authority and spending obligations with regard to a wide range of powers and functions. These include pollution control; levies, tariffs and tolls; vehicle licencing; liquor licencing; electricity; district health; firefighting services; local tourism; community childcare facilities; water and sanitation services; refuse removal, refuse dumps and solid waste disposal. Tertiary education is administered at central government level while all other levels of education are concurrently central and provincial functions. Health services are also concurrently administered at central and provincial levels.<sup>1</sup>

**Additional functions of local authorities are contained in Section 16(2) and the accompanying First Schedule of the Local Government Act of 2019.** These include maintaining public order; registration of births, marriages and deaths; provision of water supply, sanitation, drainage and hygiene services; licencing and control of food and drink to the public; establishing and maintaining public amenities including parks, planting of trees, social and recreational facilities, and transport services; local roads; gardens and landscaping; agricultural support services; building regulations; and the regulation of the erection and display of advertisements and advertising devices.

**The Local Government Act of 2019 also spells out functions devolved to the local authorities.** These include communication services; postal services; municipal public works only in respect of the needs of municipality in the discharge of their responsibilities to administer functions specifically assigned to the local authority under the Constitution or any other written law; storm water management systems in built up areas; refuse removal, refuse dumps and disposal of solid waste. Following the enhancing of the CDF, some aspects of social protection has been devolved to local authorities. These are bursaries for secondary school learners in boarding school and for skills development as well as for youth, women and community empowerment. However, despite being listed as direct and/or devolved functions of local authorities, some functions are yet to be devolved. These include registration of communication services, postal services, births and deaths, electricity and vehicle licencing.

<sup>1</sup> The provincial level in Zambia is an extension of central government.



**To support the financing of devolved functions, an Intergovernmental Fiscal Architecture (IFA) framework was implemented from 2018.**

The IFA framework, anchored around the establishment of the Local Government Equalisation Fund (LGEF), guides, matches and integrates the allocation of expenditure functions, the assignment of revenue resources, the design of the intergovernmental fiscal transfer system and the framework for local level borrowing and debt management. The introduction of the LGEF through the Local Government (Amendment) Act of 2014 has helped stabilise the local authorities financially. The Fund has since been enshrined under Article 163 of the Constitution. The allocation of the LGEF is formula-based using parameters, such as population size and poverty levels. Further, Article 47(1) of the Local Government Act earmarks the use of at least 20 per cent of the funds received by a local authority from the Equalisation Fund, in any financial year, to finance capital expenditure.

**Article 162 of the Constitution provides for the establishment of the CDF.** The CDF Act of 2018 provides for the management, disbursement, utilisation and accountability of the CDF. The CDF provides financial resources earmarked for community projects (60 per cent); youth, women and community empowerment; and secondary boarding school and skills development bursaries (20 per cent). Currently, each constituency is allocated the same amount of K25.7 million each.

## Budget Process

**In line with the 2014 Planning and Budgeting Policy, the Government of the Republic of Zambia has been implementing a more strategic and performance-based approach to the planning and management of the National Budget.** This involves transitioning from Activity-Based Budgeting (ABB) system, that was introduced in 2004, to an Output Based Budgeting (OBB) system. The shift from ABB to OBB has improved the performance of the implementation of the budget by focusing on actual results and the mandate of the spending agency. The phased implementation commenced in 2015 and has since been fully implemented at the Central Government level. Informed by the successful implementation of the reform at Central Government level, the OBB has now been rolled out to 116 local authorities; 2023 is Chikankata's third year of reporting using the OBB format. As a result, the staff have relatively more experience in understanding the OBB system.

## Integrated Development Plan and 2023 Budget

**In accordance with the Urban and Regional Planning Act No. 3 of the 2015, the Chikankata Town Council prepared and published the 2021–2030 Integrated Development Plan (IDP).** The IDP is operationalised through the annual budgets. The Council's 2023 Budget focuses on enhancing service delivery through intensification of public health inspections, drilling and rehabilitation of boreholes.

# RECENT PERFORMANCE OF THE CHIKANKATA TOWN COUNCIL

**The Chikankata Town Council developed the 2021–2030 Integrated Development Plan.** The IDP outlines the identified development programmes and projects that are aimed at improving the lives of the people of Chikankata through improved access to the much-needed services. The IDP's long-term vision to be an ideal district in the provision of sustainable, effective and efficient services to the general public of Chikankata by the year 2030.

**The Chikankata Town Council recently completed a valuation roll that is likely to increase the revenue base.** Several developmental activities have sprung up in the last few years. Notable among them is a new filling station, the Kafue Gorge Lower Power Station as well as residential structures. A lot of land is now being converted from customary to lease hold.

**Like other districts, Chikankata has had challenges in the implementation of the CDF.** While expectations from the members of the public are very high, there is a general lack of understanding of the whole process, and regulations and guidance have not been adequate with unclear project selection criteria. The level of understanding of the members of the Ward Development Committees, who are supposed to approve the projects and activities, is also perceived to be low. There is also a misalignment between the CDF guidelines and the IDP, which requires the IDP to be refocused in line with the new government's policy focus.

**Chikankata Town Council is in its third year of implementing the OBB system.** But the implementation has been mixed. It has helped the council staff to work together to implement programmes across departments, thereby reducing the vertical (silo) approach to work and enhancing teamwork and coordination. However, it was felt that the OBB was not properly aligned to existing procurement and financing processes. Further, the programmes were not well linked to the annual budget framework.

## TAKEAWAY

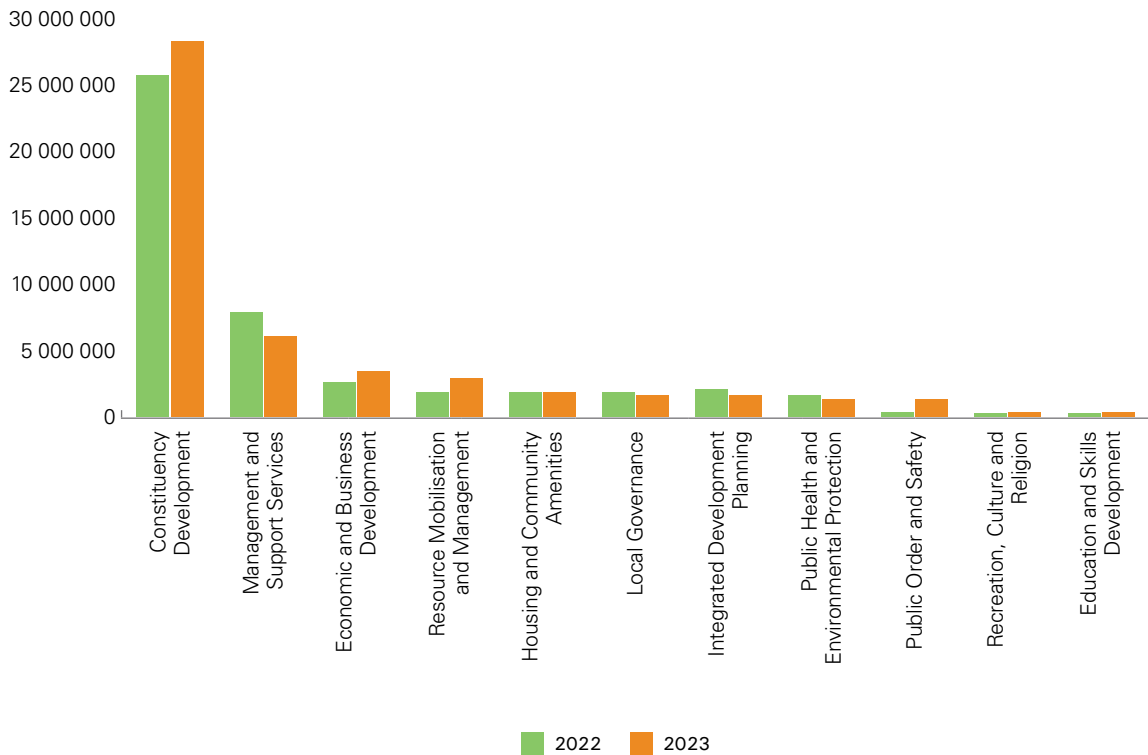
- The development of the IDP is a major milestone which, if well implemented, will lead to Chikankata achieving its long-term vision.
- Chikankata is endowed with many natural resources, which can increase the local authority's revenue base and autonomy.



# OVERVIEW OF TOTAL BUDGET SIZE, SPENDING TRENDS AND COMPOSITION

**The Chikankata Town Council proposes to spend K48.1 million in 2023. In per capita terms, this is K488 (or approximately US\$24).** The Budget has increased by 6 per cent from K45.4 million in 2022. This increase is primarily due to the increased allocation to the CDF, which has been increased from K25.7 million in 2022 to K28.3 million in 2023. Other programmes that have increased are Economic and Business Development; Recreation, Culture and Religion; Public Order and Safety; and Resource Mobilisation and Management. On the other hand, the budgets of the following programmes have declined compared to 2022: Integrated Development Planning, and Local Governance; Housing and Community Amenities; Public Health and Environmental Protection; Education and Skills Development; and Management and Support Services (Figure 1).

**FIGURE 1:** COMPOSITION OF THE COUNCIL BUDGET BY PROGRAMME, CHIKANKATA, 2022 & 2023



Source: Constructed from Ministry of Local Government and Rural Development, 2023 Output-Based Annual Budget for Local Authorities

**By economic classification, the budget for current expenditure (55 per cent) is higher than capital expenditure (42 per cent).** Within current expenditures, transfers and subsidies accounted for the largest share, followed by personal emoluments and the use of goods and services.

**The increased allocation to CDF has significantly altered the structure of the budget by economic classification.** It has contributed to the increase in the share of transfers and subsidies as well as capital expenditure. On the other hand, the share of personal emoluments and the use of goods and services have declined.



**TABLE 1:** BALANCED BUDGET OF THE CHIKANKATA TOWN COUNCIL, 2022–2023

	2022	2023	% SHARE	% SHARE
<b>Expenditure</b>	<b>45,417,840</b>	<b>48,173,241</b>	<b>100%</b>	<b>100%</b>
<b>Current expenditure</b>	<b>25,706,168</b>	<b>26,709,504</b>	<b>57%</b>	<b>55%</b>
<b>Personal emoluments</b>	<b>9,290,186</b>	<b>9,033,921</b>	<b>20%</b>	<b>19%</b>
Salaries and Wages	6,160,117	8,993,921	<b>14%</b>	<b>18%</b>
Personnel Related Costs	1,389,254	0	<b>3%</b>	<b>0%</b>
Other Emoluments	1,740,815	40,000	<b>4%</b>	<b>0.08%</b>
<b>Use of Goods and Services</b>	<b>6,135,982</b>	<b>6,355,584</b>	<b>14%</b>	<b>13%</b>
<b>Transfers and Subsidies</b>	<b>10,280,000</b>	<b>11,320,000</b>	<b>23%</b>	<b>23%</b>
<b>Assets</b>	<b>18,811,672</b>	<b>20,443,737</b>	<b>41%</b>	<b>42%</b>
Non-financial assets (capital expenditure)	18,811,672	20,443,737	<b>41%</b>	<b>42%</b>
<b>Liabilities</b>	<b>900,000</b>	<b>1,020,000</b>	<b>2%</b>	<b>2%</b>
Outstanding bills	900,000	1,020,000	<b>2%</b>	<b>2%</b>
<b>Revenue</b>	<b>45,417,839</b>	<b>48,173,242</b>	<b>100.0%</b>	<b>100.0%</b>
Own sources	11,413,885	10,243,288	<b>25.1%</b>	<b>21.2%</b>
Transfers from Central Government	34,003,954	37,929,954	<b>74.9%</b>	<b>78.7%</b>

Source: Constructed from Ministry of Local Government and Rural Development, 2023 Output-Based Annual Budget for Local Authorities

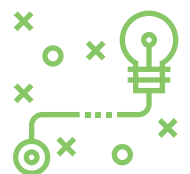
### The budget for payment of outstanding arrears accounted for only 2 per cent of the budget.

Amounting to K1,020,000, this is a very small portion of the stock of Chikankata Town Council's statutory liabilities, estimated to be about K9.7 million or about a quarter of the 2023 Budget. This money is owed the National Pension Scheme Authority (NAPSA), the Zambia Revenue Authority (ZRA) and the Local Authorities Superannuation Fund (LASF). NAPSA penalties are considered too punitive and unsustainable.

**Despite a 6 per cent nominal increase, the share of own-source revenues declined from 25 per cent in 2022 to 21.2 per cent in 2023.** The change in the shares is mainly due to the increased CDF allocation.

## TAKEAWAY

- The increased funding from Central Government makes the Chikankata Town Council more dependent on government transfers and may be detrimental to local domestic resource mobilisation.
- Statutory liabilities mask the seemingly balanced budget and have the potential to derail the delivery of services by the Town Council.

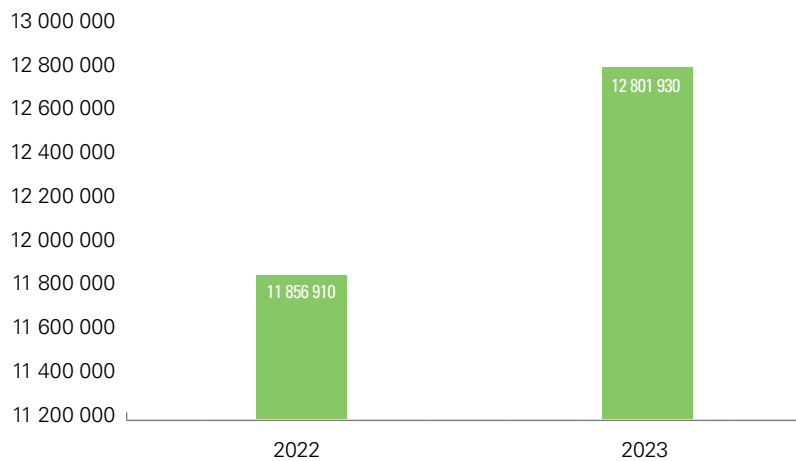




# OVERVIEW OF SOCIAL SECTOR BUDGET SIZE, SPENDING TRENDS AND COMPOSITION

**Allocation to social sectors accounted for just over one-quarter of the budget.** Of the K48.1 million budget in 2023, K12.8 million or 26.5 per cent of the budget has been allocated to the social sectors—education, health, social protection and WASH. The social sector budget of K12.8 million in 2023 is an 8 per cent increase from K11.8 million in 2022. The increase is because of the rise in the allocation to the CDF.

**FIGURE 2:** TRENDS IN THE SOCIAL SECTOR BUDGET AS A PERCENTAGE OF THE TOTAL BUDGET, 2022–2023

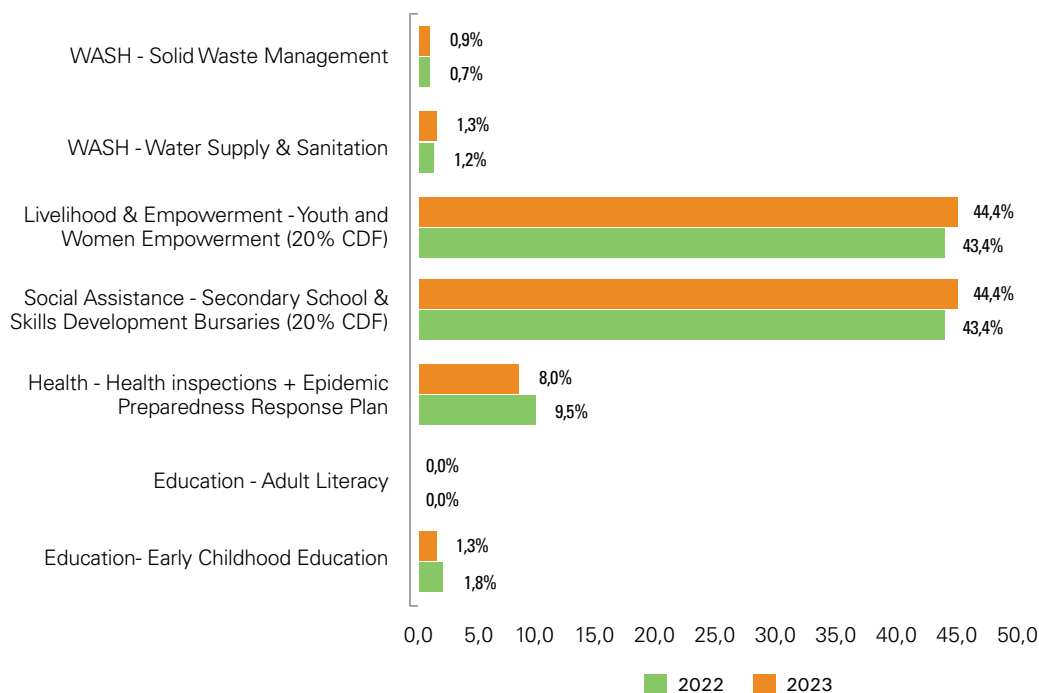


Source: Constructed from Ministry of Local Government and Rural Development, 2023 Output-Based Annual Budget for Local Authorities

# OVERVIEW OF SOCIAL SECTOR BUDGET COMPOSITION

**The social sector budget for Chikankata in 2023 comprises of education; health; water, sanitation and hygiene; and social protection.** Social protection takes up about 88 per cent of the social sector budget. The two programmes identified under Social Protection are secondary school bursaries, which is social assistance for vulnerable learners as well as youth and women empowerment, followed by health (8 per cent), WASH (2.1 per cent) and Education (1.3 per cent).

**FIGURE 3:** PERCENTAGE SHARES OF BUDGET ALLOCATION TO THE SOCIAL SECTORS BY PROGRAMME, CHIKANKATA, 2022 AND 2023



Source: Constructed from Ministry of Local Government and Rural Development, 2023 Output-Based Annual Budget for Local Authorities

**Aside from the new budget lines under social protection (CDF), there has been marked declines in the social protection budget allocations.** Health, which took up nearly half of the social sector allocation in 2021 (48.9 per cent) declined to 9.5 per cent in 2022 and 8.0 per cent in 2023. Water Supply and Sanitation accounted for 1.2 per cent in 2022 and now increased slightly to 1.3 per cent in 2023. Similarly, the allocation to solid waste management increased to 0.9 per cent in 2023 from 0.7 per cent in 2022. Early childhood education accounted for 1.8 per cent in 2022 and decreased to 1.3 per cent of the social sector allocation in 2023.

The remainder of the brief discusses the specific social sector programmes in more detail.

## Social Protection

**Social protection programmes feature prominently in the budget allocation for 2023 due to increased allocation and ring-fencing of some components of the CDF.** Social Protection programmes account for 88 per cent (or K11.3 million) of the K12.8 million social sector budget. The two main components of the social protection budget are (i) secondary school boarding school and skills development bursaries; and (ii) empowerment programmes for women and the youth. However, these programmes have broader objectives than social protection whose beneficiaries cut across several demographics.

**The secondary school and skills development bursaries are a form of social assistance meant to help vulnerable people in the communities.** Based on the CDF guidelines, 20 per cent of the CDF budget allocation is earmarked for this programme. This amounts to K5.6 million for 2023. The bursary directly benefits vulnerable children who are unable to pay boarding fees.

**After many years of fragmentation of empowerment programmes, through the CDF, empowerment programmes have not only been decentralised, but also been consolidated.** As with the bursary allocation, 20 per cent of the CDF (K5.6 million) has been allocated to these empowerment programmes for women, youth and vulnerable groups. The allocation to youth empowerment would, in principle, include the youngest segment of the youth population (i.e., those aged 15–17 years).

## Health

**The Chikankata Town Council plans to spend K1 million on health inspections and epidemic preparedness in 2023.** This accounts for 8 per cent of the total social sector spending or 2.4 per cent of the total budget. This is an 8 per cent decrease from the K1.1 million planned spending in 2022.


## Education

**The Chikankata Town Council has allocated 1.3 per cent of the social sector budget (or 0.3 per cent of the total budget) to Education and Skills Development programme.** The K167,229 allocated to this programme is earmarked for Early Childhood Education, which will address the gaps in the promotion of early childhood and identification of land for two early childhood training centres in the district.

## Water, Sanitation and Hygiene

**As part of its core service delivery function in 2023, the Chikankata Town Council has set out to improve solid waste management, promotion of sanitation, and provision of safe and clean water to the communities.** The key targets for 2023 include collection of about 2,000 tonnes of solid waste; sensitisation of 14 communities on access to basic sanitation in Community Led Total Sanitation (CLTS); ensuring 100 per cent compliance to standards on timely disposal of human remains and clearing of 14 public premises from Vector related diseases. The Council also plans to drill six boreholes to ensure communities are served with clean and safe water. To provide these services, the Council plans to spend K110,077 in 2023.

**The share of the WASH budget has been increased by 23 per cent in 2023.** In nominal terms, the budget has increased to K281,570 in 2023 from K228,678 in 2022.

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- Given that the social protection programmes exist under the CDF, the slow implementation of the CDF is likely to derail the delivery of social protection services.
  - Given the lessons from the COVID-19 pandemic, allocating funds for pandemic preparedness is a welcome development.
  - The mismatched and disillusioned of output indicators for education and WASH makes it challenging for the target outputs/outcomes to be met.

**TAKEAWAY**



## KEY POLICY ISSUES

**There seems to be no standardised way of developing IDPs in local authorities.** Chikankata's IDP differs significantly with reviewed IDPs for Livingstone andimba. While Livingstone has three strategic focus areas andimba has six, it is unclear how many focus areas Chikankata has. It therefore makes it difficult to gauge what the overall strategic objectives are for the town.

**Servicing Lusaka, the capital city and the Copperbelt, Livingstone the tourism capital and Chirundu, a major border point for north- and south-bound traffic, Chikankata has the potential to generate more revenue by becoming a major transport, logistics and warehousing hub.** Given the projected increase in traffic due to, among other things, increased copper production targeted to reach 3 million tonnes by 2030, transport nodes such as Chikankata will become more strategic as trans-shipment districts.

**The current focus of the budget is somewhat blind to the demographic composition of the town.** With 57 per cent of the population under the age of 20 years, Chikankata has a young population that needs to be harnessed. It is therefore expected that more child-centred amenities and services need to be prioritised.



*This budget brief has been developed by the UNICEF Zambia Social Policy team.*

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